

**COMMONWEALTH OF MASSACHUSETTS**  
**DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY**

The Berkshire Gas Company	) ) ) ) )	D.T.E. 03-_____
---------------------------	-----------------------	-----------------

**Petition of The Berkshire Gas Company for Approval of  
a Financing Plan Involving the Issuance from  
Time To Time of Long-Term Debt Securities  
in an Amount Not to Exceed \$20,000,000**

Respectfully represents The Berkshire Gas Company ("Berkshire" or the  
"Company"):

1. The Company is a gas company subject to Chapter 164 of the General Laws of Massachusetts and has a principal place of business at 115 Cheshire Road, Pittsfield, Massachusetts 01201.
  
2. The Company is represented by Brown Rudnick Berlack Israels LLP, One Financial Center, Boston, Massachusetts 02111.
  
3. The Company's actual capitalization as of June 30, 2003 consisted of the following: outstanding First Mortgage Bonds and other long-term debt aggregating a total indebtedness of \$44,705,400; 100 shares of Common Stock, with a par value of \$2.50 per share, all of which were owned by Berkshire Energy Resources, which, in turn, is wholly-owned by Energy East Corporation and the premium on such outstanding shares amounted to \$98,451,069; and 2,574 shares of 4.8% Cumulative Preferred Stock, authorized, issued and outstanding having a par

value of \$100.00 per share and a total par value of \$257,400.

4. The most recent order of the Department concerning the issuance and sale by the Company of debt securities was issued in D.T.E. 00-36 dated July 31, 2000 and the most recent order of the Department concerning the issuance and sale by the Company of equity securities was issued in D.T.E. 98-61/98-87 on November 5, 1998.

5. The Company maintains committed credit arrangements with several banks through a syndicated line that provide for short-term borrowings by the Company in an amount of \$15,000,000. As of June 30, 2003, the Company had short-term borrowings outstanding pursuant to such credit arrangements in the amount of approximately \$4,000,000.

6. The Company has determined that it is necessary, expedient and in the public interest to issue and sell from time to time through a period ending January 31, 2007, one or more series of long-term debt securities, in an aggregate amount (based on face amount) not to exceed \$20,000,000 and to use the proceeds of such issuances for its proper corporate purposes, including: (a) for the payment at maturity of certain outstanding long-term indebtedness and equity securities; (b) for the payment of capital expenditures for properly capitalizable additions to property, plant and equipment, or for the payment of obligations of the Company incurred for such expenditures; (c) for the refinancing of short-term and long-term securities; (d) for general working capital purposes; and/or (e) for such other purposes as the Department may authorize.

7. The Company proposes to issue and sell from time to time long-term debt instruments with maturity dates not to exceed forty years from the date of issuance with either an adjustable interest rate or a fixed interest rate not to exceed a rate established by the Department. Such long-term debt securities will be (i) unsecured notes ("Notes"); (ii) bonds secured by the Company's mortgage indenture or a similar mortgage upon the Company's property ("Bonds"); or (iii) other evidences of indebtedness consisting of loans from a bank or syndicate of banks and/or other institutional investors such as one or more insurance companies ("Term Loans"), such Term Loans to be either unsecured or secured by individual parcels of real property or other specified assets.

8. The Company has determined that it is in the public interest and reasonably necessary for the purposes specified herein that the Company have the flexibility to issue and sell from time to time during the term of the Company's proposed financing plan one or more series of long-term debt securities to enable it to take advantage of favorable market conditions which, in management's judgment, could result in substantial savings to the Company and its customers.

9. The Company's financing plan may involve, from time to time, the execution of interest rate hedging transactions. Specifically, the Company may seek to effectively "lock in" interest rates in anticipation of planned debt issuances if the Company determines that interest rates are attractive and it would be prudent to hedge against fluctuations in interest rates up to the date of the expected debt issuance. The Company does not believe that Department approval of such transactions may not be necessary since the Company will only execute instruments

with a term of less than one year. Cf. G.L. c. 164, §14. The Company notes that this flexibility in order to mitigate interest rate risk is an important feature of the Company's financing plan and is wholly consistent with the Price Cap Mechanism Plan approved in The Berkshire Gas Company, D.T.E. 01-56 (2002).

10. Because of volatility in the debt markets, it is in the public interest that the purchasers of the long-term debt securities be selected not exclusively by formal competitive bidding, but rather by the Company on the basis of standards and criteria which in management's judgment will result in substantial benefits to the Company and its customers, including but not limited to the terms and interest rate.

11. The Board of Directors pursuant to a Unanimous Written Consent dated August 14, 2003 authorized this Petition.

12. The Company has determined that it is in the public interest that the Company have the flexibility to adjust the face value of debt instruments to reflect the final pricing of the security, including a discount to the face value of a particular security.

WHEREFORE, the Company requests that pursuant to the applicable provisions of Chapter 164 of the General Laws, the Department:

A. Vote that the issuance by the Company from time to time through a period ending January 31, 2007 of long-term debt securities in an amount not to exceed \$20,000,000 is reasonably necessary for the purposes stated;

B. Approve and authorize the issuance and sale from time to time through a period ending January 31, 2007 of long-term debt securities consisting of one or

more series of Notes or Term Loans, upon such terms, at such rates of interest, with such maturities and at such prices, as the Company may determine. Further, if the price of any long-term debt securities is below the face amount of such long-term debt securities, the Department shall find that the issuance and sale is in the public interest and if a security is sold at less than par value, to amortize the discount over the life of the security;

C. Grant an exemption from the requirements of Section 15A of Chapter 164 in connection with the sale of any long-term debt securities;

D. Approve and authorize the use of the proceeds of the issue and sale of such securities: (a) for the payment at maturity of certain outstanding long-term indebtedness and equity securities; (b) for the payment of capital expenditures for properly capitalizable additions to property, plant and equipment, or for the payment of obligations of the Company incurred for such expenditures; (c) for the refinancing of short-term and long-term securities; (d) for general working capital purposes; and/or (e) for such other purposes as the Department may authorize.

E. Find that the granting of an exemption from the competitive bidding requirements of Section 15 of Chapter 164 in connection with the sale of any long-term debt securities is in the public interest;

F. Grant an exemption from said requirements of said Section 15 of Chapter 164; and

G. Issue such other and further orders as may be necessary and appropriate to permit the Company to effect the transactions contemplated by this Petition, including the execution of the interest rate mitigation transactions described herein.

Respectfully submitted,

THE BERKSHIRE GAS COMPANY

By its attorneys,

---

James M. Avery, Esq.  
Brown Rudnick Berlack Israels LLP  
One Financial Center  
Boston, MA 02111  
Tel.: 617-856-8112  
Fax: 617-856-8201

Dated: September 15, 2003

#1193857 v17 - averyjm - l6p071.doc - 70652/23